

**ASSEMBLY BILL**

**No. 2670**

---

**Introduced by Assembly Member Aghazarian**

February 24, 2006

---

An act to amend Sections 100, 755, and 756 of, and to repeal and add Section 100.1 of, the Revenue and Taxation Code, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2670, as introduced, Aghazarian. Property taxation: regulated railway companies.

The California Constitution requires the State Board of Equalization to assess the property, other than franchises, of a regulated railway company. Existing property tax law provides for the allocation of the assessed value of the unitary property of a regulated railway company that is assessed by the State Board of Equalization among the several tax rate areas within a county where the property is located. Existing property tax law also provides for an annual adjustment of the allocation of this assessed value among tax rate areas for changes in track mileage, and defines track mileage as the number of miles of track, adjusted to reflect the relative importance of mainline, branch, and other track.

This bill would, for the 2006–07 fiscal year and for each fiscal year thereafter, establish a single countywide tax rate area within each county to which the assessed value of specified unitary property of a regulated railway company would be allocated. This bill would require that the revenues derived from the tax on this value be allocated among local entities in the county pursuant to a specified formula. This bill would also require, with respect to a qualified facility, as defined, that 80% of the value the facility and the revenues

derived from taxing this value be allocated in the manner previously described, and would require that the remaining 20% of this value and resulting revenues be allocated exclusively to the local tax rate areas in the county in which the property is located. This bill also would change the definition of track mileage for purposes of these provisions to instead mean the total miles of track in each county without regard to the relative importance of the track mileage. This bill also would make technical and conforming changes to related provisions.

By imposing new property tax allocation duties upon local officials, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would change the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county, within the meaning of paragraph (3) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 100 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 100. Notwithstanding any other provision of law,
- 4 commencing with the 1988–89 fiscal year, property tax assessed
- 5 value attributable to unitary and operating nonunitary property,
- 6 as defined in Sections 723 and 723.1, that is assessed by the State
- 7 Board of Equalization shall be allocated by county as provided in
- 8 Section 756, and the assessed value and revenues attributable to
- 9 that allocation shall be allocated within each county as follows:
- 10 (a) Each county shall establish one countywide tax rate area.
- 11 The assessed value of all unitary and operating nonunitary

1 property shall be assigned to this tax rate area. No other property  
2 shall be assigned to this tax rate area.

3 (b) Property assigned to the tax rate area created by  
4 subdivision (a) shall be taxed at a rate equal to the sum of the  
5 following two rates:

6 (1) A rate determined by dividing the county's total ad  
7 valorem tax levies for the secured roll, including levies made  
8 pursuant to Section 96.8, for the prior year, exclusive of levies  
9 for debt service, by the county's total ad valorem secured roll  
10 assessed value for the prior year.

11 (2) A rate determined as follows:

12 (A) By dividing the county's total ad valorem tax levies for  
13 unitary and operating nonunitary property for the prior year debt  
14 service only by the county's total unitary and operating  
15 nonunitary assessed value for the prior year.

16 (B) Beginning with the 1989–90 fiscal year, adjusting the rate  
17 determined pursuant to subparagraph (A) by the percentage  
18 change between the two preceding fiscal years in the county's ad  
19 valorem debt service levy for the secured roll, not including  
20 unitary and operating nonunitary debt service.

21 (c) The property tax revenue derived from the assessed value  
22 assigned to the countywide tax rate area pursuant to subdivision  
23 (a) *and pursuant to paragraph (2) of subdivision (a) of Section*  
24 *100.1* by the use of the tax rate determined in paragraph (1) of  
25 subdivision (b) shall be allocated as follows:

26 (1) For the 1988–89 fiscal year and each fiscal year thereafter,  
27 each taxing jurisdiction shall be allocated an amount of property  
28 tax revenue equal to 102 percent of the amount of the aggregate  
29 property tax revenue it received from all unitary and operating  
30 nonunitary property in the prior fiscal year, exclusive of revenue  
31 attributable to levies for debt service.

32 (2) If the amount of property tax revenue available for  
33 allocation in the current fiscal year is insufficient to make the  
34 allocations required by paragraph (1), the amount of revenue to  
35 be allocated to each taxing jurisdiction shall be prorated based on  
36 a factor determined by dividing the total amount of property tax  
37 revenue available to all taxing jurisdictions from unitary and  
38 operating nonunitary property in the current year, exclusive of  
39 revenue attributable to levies for debt service, by the total amount  
40 of property tax revenue received by all taxing jurisdictions from

1 unitary and operating nonunitary property in the prior fiscal year,  
2 exclusive of revenue attributable to levies for debt service.

3 (3) If the amount of property tax revenue available for  
4 allocation to all taxing jurisdictions in the current fiscal year  
5 from unitary and operating nonunitary property, exclusive of  
6 revenue attributable to levies for debt service, exceeds 102  
7 percent of the property tax revenue received by all taxing  
8 jurisdictions from all unitary and operating nonunitary property  
9 in the prior fiscal year, exclusive of revenue attributable to levies  
10 for debt service, the amount of revenue in excess of 102 percent  
11 shall be allocated to all taxing jurisdictions in the county by a  
12 ratio determined by dividing each taxing jurisdiction's share of  
13 the county's total ad valorem tax levies for the secured roll for  
14 the prior year, exclusive of levies for debt service, by the  
15 county's total ad valorem tax levies for the secured roll for the  
16 prior year, exclusive of levies for debt service.

17 (d) The property tax revenue derived from the assessed value  
18 assigned to the countywide tax rate area pursuant to subdivision  
19 (a) *and pursuant to paragraph (2) of subdivision (a) of Section*  
20 *100.1* by the use of the tax rate determined in paragraph (2) of  
21 subdivision (b) shall be allocated as follows:

22 (1) An amount shall be computed for each taxing jurisdiction  
23 and shall be determined by multiplying the amounts required in  
24 the current year pursuant to subdivisions (a) and (c) of Section 93  
25 by that percentage that shall be determined by dividing the  
26 amount of property tax revenue the jurisdiction received in the  
27 prior year from unitary property and operating nonunitary  
28 property by the total amount of property tax revenue the  
29 jurisdiction received in the prior year from all property.

30 (2) The amount of property tax revenue available for  
31 allocation pursuant to this subdivision shall be allocated among  
32 taxing jurisdictions in the proportion that the amount computed  
33 for each taxing jurisdiction pursuant to paragraph (1) bears to the  
34 total amount computed pursuant to paragraph (1) for all taxing  
35 jurisdictions.

36 (3) If a taxing jurisdiction is levying a tax rate for debt service  
37 for the first time in the current fiscal year, for purposes of  
38 determining the percentage specified in paragraph (1), that  
39 percentage shall be the percentage determined by dividing the  
40 amount of property tax revenue received by that taxing

1 jurisdiction in the prior year pursuant to subdivision (c) from  
2 unitary and operating nonunitary property by the total amount of  
3 property tax revenue received by that taxing jurisdiction in the  
4 prior year from all property within the taxing jurisdiction.

5 (e) For purposes of this section:

6 (1) "The county's total ad valorem tax levies for the secured  
7 roll" means all ad valorem tax levies for the county's secured  
8 roll, including the general tax levy, levies for debt service  
9 (including land only and land and improvement rates), and levies  
10 for redevelopment agencies.

11 (2) "The county's total ad valorem secured roll" means the  
12 county's local roll, after all exemptions except the homeowner's  
13 exemption, and the county's utility roll.

14 (3) "Taxing jurisdiction" includes a redevelopment agency.

15 (4) In a county of the second class, for the 1992–93 fiscal year  
16 and each fiscal year thereafter, "taxing jurisdiction" includes that  
17 fund that has been designated by the auditor as the "Unallocated  
18 Residual Public Utility Tax Fund." All revenues allocated to that  
19 fund pursuant to this section shall be deposited in that fund and  
20 shall be distributed as follows:

21 (A) For the 1992–93 fiscal year to the 1996–97 fiscal year,  
22 inclusive, at the discretion of the county board of supervisors.

23 (B) For the 1997–98 fiscal year, 100 percent to the Orange  
24 County Fire Authority.

25 (C) For the 1998–99 fiscal year and each fiscal year thereafter,  
26 in accordance with the following schedule:

27 (i) Fifty-seven and forty-seven hundredths percent to the  
28 Orange County Fire Authority.

29 (ii) Forty-one and forty-seven hundredths percent to the  
30 Orange County Library District.

31 (iii) Forty-eight hundredths percent to the Buena Park Library  
32 District.

33 (iv) Fifty-eight hundredths percent to the Placentia Library  
34 District.

35 (f) The assessed value of the unitary and operating nonunitary  
36 property shall be kept separate for each state assessee throughout  
37 the allocation process.

38 (g) Each state assessee shall be issued only one tax bill for all  
39 unitary and operating nonunitary property within the county.

1 (h) This section ~~does not apply~~ *applies to the* unitary property  
2 of regulated railway companies *only to the extent described in*  
3 *Section 100.1.*

4 (i) This section does not apply to property that on July 1, 1987,  
5 was undeveloped and owned by a utility and located within a  
6 city, county, or city and county that adopts a resolution stating  
7 that the property is subject to a development plan or agreement  
8 and that this section shall not apply to that property, and the city,  
9 county, or city and county transmits a copy of that resolution,  
10 including a legal description of the property, to the State Board  
11 of Equalization and the county's auditor-controller prior to  
12 January 1, 1988.

13 (j) (1) For property that on July 1, 1990, was undeveloped and  
14 owned by a utility and that is located within a city, county, or city  
15 and county that adopts a resolution stating that the property is  
16 subject to a development plan or agreement and that this  
17 subdivision applies to that property, and the city, county, or city  
18 and county transmits a copy of that resolution, including a legal  
19 description of the property, to the county auditor prior to August  
20 1, 1991, the allocation of property tax revenues derived with  
21 respect to that property pursuant to Sections 96.1, 96.2, 97.31,  
22 98, 98.01, and 98.04, shall be subject to the allocation required  
23 by paragraph (2).

24 (2) The county auditor shall annually allocate to a city, county,  
25 or city and county, that has adopted and transmitted a resolution  
26 pursuant to paragraph (1), the amount of property tax revenues  
27 derived with respect to the property described in paragraph (1)  
28 that would be allocated to that city, county, or city and county if  
29 that property were subject to assessment by the county assessor.  
30 In order to provide the allocations required by this paragraph, the  
31 county auditor shall make any necessary pro rata reductions in  
32 allocations to local agencies other than that city, county, or city  
33 and county adopting and transmitting a resolution pursuant to  
34 paragraph (1), of property tax revenues derived with respect to  
35 the property described in paragraph (1).

36 (k) (1) For property subject to this section that is owned by a  
37 utility that serves no more than two counties and is located within  
38 a city, county, or city and county that adopts a resolution stating  
39 that the property is subject to a development plan or agreement  
40 for new construction and the city, county, or city and county

transmits a copy of that resolution, including a legal description of the property, to the State Board of Equalization and the county auditor prior to January 1, 2006, the allocation of property tax revenues derived with respect to that property pursuant to Sections 96.1, 97.31, 98, 98.01, and 98.04, shall be subject to the requirements of paragraph (2).

(2) If the city, county, or city and county has adopted and transmitted a resolution pursuant to paragraph (1), the county auditor shall annually allocate the property tax revenue attributable to the new construction described in the development plan or agreement, as if that new construction were subject to assessment by the county assessor, according to the following formula:

(A) An amount of property tax revenue to school entities, as defined in subdivision (f) of Section 95, equivalent to the same percentage the school entities received in the prior fiscal year of the property tax revenues paid by the utility in the county in which the property described in paragraph (1) is located.

(B) An amount of property tax revenue to the county in which the property is located equivalent to the same percentage the county received in the prior fiscal year of the property tax revenues paid by the utility in the county in which the property described in paragraph (1) is located. The county shall distribute those property tax revenues to the county general fund, the county library district, the county flood control district, the county sanitation districts, and the county service areas.

(C) The property tax revenue remaining after the allocations described in subparagraphs (A) and (B) are made shall be distributed to the city in which the property described in paragraph (1) is located.

(3) In order to provide the allocations required by paragraph (2), the county auditor shall make any necessary pro rata reductions in allocations of property taxes attributable to the property specified in paragraph (1) to jurisdictions other than those receiving an allocation under paragraph (2).

SEC. 2. Section 100.1 of the Revenue and Taxation Code is repealed.

~~100.1. Notwithstanding any other provision of law, commencing with the 1988-89 fiscal year, property tax assessed value attributable to unitary property, as defined in Section 723,~~

1 of a regulated railway company that is assessed by the State  
2 Board of Equalization, shall be allocated to tax rate areas as  
3 follows:

4 (a) Each tax rate area shall receive an amount of assessed  
5 value equal to the amount of assessed value received in the prior  
6 fiscal year adjusted for changes in track mileage unless the total  
7 amount of assessed value to be allocated is insufficient, in which  
8 case, each tax rate area shall receive a pro rata share of the  
9 amount it received in the prior fiscal year adjusted for changes in  
10 track mileage.

11 (b) If the total amount of assessed value to be allocated is  
12 greater than the amount of assessed value allocated in the prior  
13 fiscal year adjusted for changes in track mileage, each tax rate  
14 area shall receive a pro rata share of the amount in excess of the  
15 prior year's assessed value of the regulated railway company  
16 adjusted for track mileage.

17 (c) If a tax rate area is divided, the prior fiscal year amount of  
18 assessed value of the unitary property of the regulated railway  
19 company shall be divided among the resulting tax rate areas in  
20 the same proportion that the track mileage on unitary property is  
21 divided among the resulting tax rate areas.

22 (d) The assessed value allocated to each tax rate area under  
23 subdivision (a), (b), or (c) shall be further allocated between land,  
24 improvements, and personal property in the same proportion as  
25 existed for each regulated railway company statewide in the  
26 1987-88 assessment year.

27 (e) For purposes of this section:

28 (1) "The amount of assessed value received in the prior fiscal  
29 year adjusted for changes in track mileage" means the prior  
30 year's amount of assessed value in each tax rate area after it has  
31 been adjusted upward or downward in direct proportion to the  
32 change in the amount of track mileage on unitary property in the  
33 current year over the prior year.

34 (2) "Track mileage" means the number of miles of track  
35 adjusted to reflect the relative importance of mainline, branch,  
36 and other track.

37 SEC. 3. Section 100.1 is added to the Revenue and Taxation  
38 Code, to read:

39 100.1. (a) Notwithstanding any other law, for the 2006-07  
40 fiscal year and for each fiscal year thereafter, property tax



1 assessed value attributable to unitary property, as defined in  
2 Section 723, of a regulated railway company that is assessed by  
3 the State Board of Equalization, shall be allocated to tax rate  
4 areas as follows:

5 (1) With respect to the value of a qualified facility, both of the  
6 following apply:

7 (A) An amount of value equal to 20 percent of the original  
8 cost of the qualified facility shall be allocated exclusively to  
9 those tax rate areas in the county in which the facility is located.  
10 The tax rates applied to this value shall be the rates described in  
11 Section 93.

12 (B) The revenues derived from the application of these rates to  
13 the value described in subparagraph (A) shall be allocated to  
14 jurisdictions in those tax rate areas in the county in which the  
15 qualified property is located in percentage shares that are  
16 equivalent to the percentage shares that these jurisdictions  
17 received in the prior fiscal year from the property tax revenues  
18 paid by the regulated railway company in the county in which  
19 qualified property is located.

20 (2) With respect to the value of unitary property of a regulated  
21 railway company that is not described in paragraph (1), all of the  
22 following apply:

23 (A) A countywide tax rate area shall be established in each  
24 county in which the property of a regulated railway company is  
25 located. Value shall be allocated to that countywide tax rate area  
26 according to the following:

27 (i) Each countywide tax rate area shall receive an amount of  
28 assessed value equal to the amount of assessed value received in  
29 the county for the prior fiscal year, adjusted for changes in track  
30 mileage, unless the total amount of assessed value to be allocated  
31 is insufficient, in which case, each countywide tax rate area shall  
32 receive a pro rata share of the amount it received in the prior  
33 fiscal year, adjusted for changes in track mileage.

34 (ii) If the total amount of assessed value to be allocated is  
35 greater than the amount of assessed value allocated for the prior  
36 fiscal year, adjusted for changes in track mileage, each  
37 countywide tax rate area shall receive a pro rata share of the  
38 amount in excess of the prior year's assessed value of the  
39 regulated railway company adjusted for track mileage.

(iii) The assessed value allocated to each countywide tax rate area under clauses (i) and (ii) shall be further allocated between land, improvements, and personal property in the same proportion that existed for each regulated railway company statewide for the 2006–07 assessment year.

(B) The tax rate applied to the value allocated to a countywide tax rate area under subparagraph (A) shall be the sum of the rates described in paragraphs (1) and (2) of subdivision (b) of Section 100.

(C) The revenues derived from the application of these rates to this value shall be allocated in the manner described in subdivisions (c) and (d) of Section 100, which manner shall be modified as follows:

(i) School entities, as defined in subdivision (f) of Section 95, in a county shall be allocated an amount equivalent to the same percentage the school entities received in the prior fiscal year from the property tax revenues paid by the regulated railway company in the county.

(ii) Notwithstanding any other law, for the 2006–07 fiscal year, a redevelopment agency shall not receive any property tax revenues described in this paragraph.

(b) For purposes of this section, the following terms have the following meanings:

(1) “Qualified facility” means a building, auto or container loading and unloading facility, or transload facility that meets both of the following criteria:

(A) The original cost of the completed facility, including land, but not including, track and track materials, is equal to or exceeds one hundred million dollars (\$100,000,000).

(B) The facility is completely constructed and placed in service after January 1, 2006.

(2) “The amount of assessed value received in the prior fiscal year adjusted for changes in track mileage” means the prior year’s amount of assessed value in each county after it has been adjusted upward or downward in direct proportion to the change in the amount of track mileage on unitary property in the current year over the prior year.

(3) “Track mileage” means the number of total miles of track in a county.

1 SEC. 4. Section 755 of the Revenue and Taxation Code is  
2 amended to read:

3 755. (a) On or before July 15, the board shall transmit to  
4 each county auditor an estimate of the total unitary value and  
5 operating nonunitary value of state-assessed property in the  
6 county and of nonunitary state-assessed property in each revenue  
7 district in the county. An estimate need not be made for a  
8 revenue district that did not levy a tax or assessment during the  
9 preceding year unless the board receives on or before January 1  
10 preceding the fiscal year for which the levy is to be made a notice  
11 in writing of the proposed levy. The estimate shall be regarded as  
12 establishing the total assessed value of state-assessed property in  
13 the county and each revenue district in the county for the purpose  
14 of determining tax rates, subject only to those changes as may be  
15 transmitted on or prior to July 31. All information furnished  
16 pursuant to this section is at all times during office hours open to  
17 inspection by any interested person or entity.

18 (b) Notwithstanding subdivision (a), in making the estimate  
19 referred to in subdivision (a), the ~~unitary value and value of~~  
20 *property described in paragraph (1) of subdivision (a) of Section*  
21 *100.1 and the nonunitary value of the property of regulated*  
22 *railway companies, property subject to subdivisions (i), (j), and*  
23 *(k) of Section 100, and property subject to Section 100.9 shall be*  
24 *allocated by revenue district.*

25 SEC. 5. Section 756 of the Revenue and Taxation Code is  
26 amended to read:

27 756. (a) On or before July 31, the board shall transmit to  
28 each county auditor a roll showing the unitary and operating  
29 nonunitary assessments made by the board in the county and the  
30 nonoperating nonunitary assessments made by the board in each  
31 city and revenue district in the county; provided, however, that  
32 the roll need not show the assessments made by the board in a  
33 revenue district which did not levy a tax or assessment during the  
34 preceding year. The roll is at all times, during office hours, open  
35 to the inspection of any person representing any taxing agency or  
36 revenue district, or any district described in Section 2131. If the  
37 roll does not show the assessments in a revenue district as herein  
38 provided and a notice of a proposed levy is furnished the board in  
39 writing, on or before January 1 preceding the fiscal year for  
40 which the levy is to be made, the board shall furnish an estimate

1 of the total assessed value of nonoperating nonunitary  
2 state-assessed property in the district and shall transmit thereafter  
3 to the county auditor a statement of roll change showing the  
4 nonoperating nonunitary assessments made by the board in the  
5 district.

6 (b) Notwithstanding subdivision (a), in making the roll  
7 referred to in subdivision (a), the ~~unitary value and~~ *value of*  
8 *property described in paragraph (1) of subdivision (a) of Section*  
9 *100.1 and the* nonunitary value of the property of regulated  
10 railway companies, property subject to subdivisions (i), (j), and  
11 (k) of Section 100, and property subject to Section 100.9 shall be  
12 enrolled by revenue district.

13 SEC. 6. If the Commission on State Mandates determines that  
14 this act contains costs mandated by the state, reimbursement to  
15 local agencies and school districts for those costs shall be made  
16 pursuant to Part 7 (commencing with Section 17500) of Division  
17 4 of Title 2 of the Government Code.